

New Program to Help State, Local Governments Finance Economic Development

Washington, D.C. - Congressman John Barrow (GA-12) announced today that the U.S. Treasury Department has made \$25 billion in bond authority available under the Recovery Zone Bonds program. Of that money, \$32,375,000 will be available to communities in Georgia's 12th District. Recovery Zone Bonds were created by the American Recovery and Reinvestment Act of 2009, which Congress passed and President Obama signed into law earlier this year.

Recovery Zone Bonds are targeted to areas particularly affected by job loss.

They will help local governments obtain financing for much needed economic development projects, such as public infrastructure development, at lower borrowing costs.

"The availability of this money can benefit our communities in the short-term, and in the long-term," said Barrow. "Right now, it can put folks back to work, which is the most important thing right now. The work they'll be doing will make improvements that we'll all be able to enjoy for years to come."

"Creating the conditions for economic recovery requires addressing the challenges facing state and local governments," said Treasury Secretary Tim Geithner. "State budgets have been scaled back and local services cut at a time when they are most needed."

Turning things around requires innovative strategies, which is what the Recovery Act has provided in the form of the Recovery Zone Bonds. The innovative financing tools provided by Recovery Zone Bonds will help state and local governments obtain the financing needed to revitalize our communities."

The Recovery Act included \$25 billion for two new types of Recovery Zone Bonds - \$10 billion for Recovery Zone Economic Development Bonds and \$15 billion for Recovery Zone Facility Bonds. Georgia's 12th District is eligible to receive \$12,950,000 in Recovery Zone Economic Development Bonds and \$19,425,000 in Recovery Zone Facility Bonds.

Recovery Zone Economic Development Bonds are another type of taxable Build America Bond that allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy, for 45 percent of the interest, to finance a broad range of qualified economic development projects, such as job training and educational programs. Recovery Zone Facility Bonds are a type of traditional tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects.

The 12th District communities eligible for this funding include:

Recovery Zone Economic Development Bond

Recovery Zone Facility Bond

Augusta-Richmond County (consolidated) city, GA

2,418,000

3,627,000

Baldwin County, GA

402,000

603,000

Burke County, GA

260,000

390,000

Chatham County, GA

2,374,000

3,562,000

Effingham County, GA

982,000

1,473,000

Emanuel County, GA

1,349,000

2,023,000

Glascock County, GA

19,000

29,000

Hancock County, GA

63,000

94,000

Jefferson County, GA

233,000

349,000

Jenkins County, GA

1,513,000

2,269,000

Johnson County, GA

238,000

357,000

Savannah City, GA

2,205,000

3,307,000

Screven County, GA

159,000

238,000

Warren County, GA

57,000

86,000

Washington County, GA

678,000

1,018,000

To make this program as easy as possible for state and local governments to administer and use, the Treasury Department has also detailed the bond volume cap allocations at the local level for counties and large cities.

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